

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 AGR-05 INT-05 DODE-00 PA-01 PRS-01

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R 151312Z JUL 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 5131

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L AMMAN 4804

E.O. 11652 GDS

TAGS: EFIN JO

SUBJECT: GOJ CASH FLOW BUDGET

REFS (A) AMMAN 2330

(B) AMMAN 0591

(C) AMMAN 7771 OF 12/31/74

1. THE FOLLOWING TABLE IS CONDENSED FROM THE MOST RECENT
CASH FLOW BUDGET PREPARED BY THE GOJ BUDGET DEPARTMENT.
THE ORIGINAL BUDGET IS BEING FORWARDED BY AIR POUCH:

CASH FLOW

1/1/75 TO 12/31/75

(IN THOUSANDS OF JD- 1 JD EQUALS \$3.165)

ACTUAL

1/1 TO 6/30/75 7/1 TO 12/31/75 TOTAL

CASH DEFICIT CARRIED

FORWARD FROM 1974 13,500

I. REVENUES-TOTAL 84,300 89,500 173,800

A. DOMESTIC 33,100 56,600 89,700

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B. DOMESTIC BORROWING 6,000 7,600 13,600

C. FINANCIAL ASSISTANCE	45,200	25,300	70,500
SAUDI ARABIA	6,400	6,500	12,900
KUWAIT	6,000	6,000	12,000
U.S.	11,700	12,800	24,500
OTHER	21,100	--	21,100
II EXPENDITURES (TOTAL)	90,200	91,600	181,800
A. CURRENT	63,300	58,700	122,000
CIVIL SERVICE	24,300	24,900	49,200
PUBLIC SECURITY	3,700	3,500	7,200
ARMED FORCES	27,200	20,800	48,000
DEBT SERVICE	1,700	2,400	4,100
REFUGEE RELIEF	1,600	2,400	4,000
EMERGENCY	4,800	4,700	9,500
B. CAPITAL EXPENDITURES(TOTAL)	19,800	29,900	49,700
ORDINARY	8,600	7,400	16,000
DEBT SERVICE FOREIGN	3,800	2,900	6,700
DEBT SERVICE DOMESTIC	3,300	200	3,500
PROJECTS	1,500	4,300	5,800
DEVELOPMENT	11,200	22,500	33,700
--OBLIGATIONS CARRIED			
FORWARD FROM 1974	7,100	3,000	10,100
III. DEFICIT/SURPLUS			
ACCUMULATED	-19,400	-2,100	-21,500

2. TOTAL DOMESTIC REVENUES NOT INCLUDING PUBLIC BORROWING ARE JD 6.1 MILLION BELOW THE ORIGINAL BUDGET ESTIMATE OF JD 95.8 MILLION. ACCORDING TO THE GOJ BUDGET DIRECTOR, FARHI OBAID THIS DECLINE IS DUE TO THE FAILURE OF PHOSPHATE EXPORTS TO EXPAND AS PLANNED. OBAID EXPECTS ACTUAL DOMESTIC REVENUES TO FALL EVEN BELOW THE CURRENT ESTIMATE. ACCORDING TO OBAID GOJ PHOSPHATE REVENUES (FROM AN EXPORT TAX OF JD 11 PER TON, MAJOR SHARE OF COMPANY PROFITS AND INCOME TAX) WILL BE ABOUT DJ 17 MILLION OR ABOUT 50PERCENT OF THE INITIAL PROJECTION.

3. ORIGINAL BUDGET REVENUES DID NOT INCLUDE ANY DOMESTIC BORROWING BUT CASH FLOW BUDGET SHOWS JD 13.6 MILLION FROM SUCH SOURCES. RECENT DJ 6 MILLION DEVELOPMENT BOND IDUE REPORTEDLY OVERSUBSCRIBED AND GOJ PLANS TO ISSUE ANOTHER MILLION IN TREASURY BILLS IN DECEMBER. THE GOJ ALSO PLANS TO BORROW DJ 2.6 MILLION FROM THE BANKS IN NOVEMBER.

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4. TOTAL BUDGET SUPPORT UP 17 PERCENT FROM INITIAL BUDGET ESTIMATE BECAUSE OF HIGHER RECEIPTS FROM "OTHER" SOURCES OBAID CONFIRMED THAT "OTHER" FINANCIAL ASSISTANCE PRIMARILY SAUDI GIFT REPORTED PARA 2B REF B ALTHOUGH IT ALSO INCLUDES SMALL GRANTS FROM BAHRAIN AND QATAR. THE RABAT SUBSIDIES ARE NOT INCLUDED IN GOJ BUDGET REVENUES.

5. CURRENT EXPENDITURES ARE UP ABOUT 3PERCENT FROM ORIGINAL

ESTIMATE TO DJ 122 MILLION. INCREASE IS DUE TO RAISE GIVEN CIVILIAN GOVERNMENT EMPLOYEES EFFECTIVE FEBRUARY 1 AND NOT INCLUDED IN ORIGINAL CIVIL SERVICE ALLOCATIONS. OF EMERGENCY AND SUPPLIES SUPPORTED ALLOCATION OF JD 9.5 MILLION DJ 7 MILLION IS FOR GOOD SUBSIDIES. BUDGET DIRECTOR OBSERVED THAT LOWER COMMODITY PRICES WOULD NOT BE REFLECTED IN GOJ SPENDING UNTIL NEXT YEAR.

6. ACCORDING TO PRESS REPORT LAST MONTH, DJ 2 MILLION ALLOCATED TO REIMBURSE JORDAN VALLEY FARMERS FOR DAMAGES SUFFERED DURING CIVIL WAR OF 1969- AND 1970. OBAID CONFIRMED THAT THESE FUNDS COME FROM RABAT SUBSIDIES.

7. TOTAL CASH FLOW SPENDING FOR DEBT SERVICE OF DJ 10.2 MILLION IS 48 PERCENT OVER ORIGINAL ALLOCATION. THIS IS DUE TO RETIREMENT OF DJ 3 MILLION IN TREASURY BILLS ISSUED IN 1969. SPENDING FOR DEVELOPMENT PROJECTS DOWN ONLY 5 PERCENT FROM INITIAL BUDGET ESTIMATE. IN PREVIOUS YEARS DEVELOPMENT PLANS SPENDING HAS FALLEN CONSIDERABLY BELOW ORIGINAL BUDGET ESTIMATE AND ACTUAL DEVELOPMENT EXPENDITURES WILL LIKELY FALL BELOW WHAT IS CURRENTLY PLANNED.

8. BUDGET DIRECTOR CONCERNED THAT REVENUES FROM PHOSPHATES FAILING TO MEET EXPECTATIONS. HE NOTED THAT 1975 ACCUMULATED DEFICIT OF DJ 21.5 MILLION WOULD BE EVEN LARGER UNLESS SPENDING CUT AND/OR ADDITIONAL REVENUES FOUND.
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